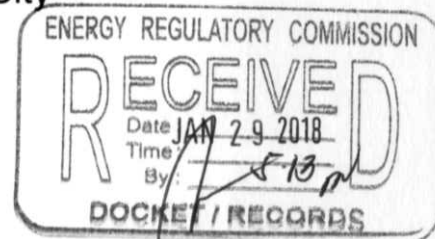


Republic of the Philippines
ENERGY REGULATORY COMMISSION
 San Miguel Avenue, Pasig City

IN THE MATTER OF THE
 APPLICATION FOR
 APPROVAL OF THE
 EMERGENCY REPLACEMENT
 OF ONE (1) 83-MVA POWER
 TRANSFORMER AT
 URDANETA SUBSTATION,



ERC Case No. 2018- 006 RC

**MANILA ELECTRIC COMPANY
 (MERALCO),**

Applicant.

X-----X

APPLICATION

Applicant **MANILA ELECTRIC COMPANY (MERALCO)**,
 through the undersigned counsel, most respectfully avers that:

1. Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.

3. Applicant seeks the Honorable Commission's approval of its emergency installation of one (1) 83 MVA, 115 kV-34.5 kV, three (3)-phase power transformer with On-Load Tap Changer (OLTC) for the replacement of Applicant's Urdaneta Substation's defective Power Transformer Bank No. 3.

4. The Application is filed pursuant to the Honorable Commission's Resolution No. 26, Series of 2009, entitled: "*Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects*". Emergency Capital Expenditure projects are

those that require immediate implementation during an event that is not a force majeure or fortuitous event in order to maintain safe, reliable, secure and efficient operation of the power system.

5. However, for purposes of recovering the capital cost of the said emergency project through Applicant's rates, the same will go through the process of evaluation by the Honorable Commission during the regulatory reset, unless there is basis for a rate-reopening in the current regulatory period, in accordance with the Rules for the Setting of Distribution Wheeling Rates (RDWR) for Distribution Utilities (DUs).

BACKGROUND

6. The Urdaneta Substation is located at EDSA cor. Recoletos Circle cor. Recoletos St., Brgy. Urdaneta Village, Makati City, Metro Manila. The said substation serves Makati City and portions of Taguig City. The Urdaneta Substation has three (3) 115kV-34.5kV power transformer banks.

7. On 05 August 2017, Urdaneta Power Transformer Bank No. 3 was tripped out by transformer differential relay due to insulation failure of the primary phase A power cable. The electrical arc created by the power cable failure triggered a series of events that led to the insulating oil on the overhead conservator tank to leak. This caused a large fire which could no longer be contained by the substation's fire suppression system. Thus, the MERALCO personnel in the said substation immediately called the Makati City Firemen and the latter was able to extinguish the fire from the affected power transformer.

8. On 5 August 2017 and 6 August 2017, the Urdaneta Power Transformer No.3 was subjected to a series of tests so as to determine its condition after the fire incident. Based from the result of the tests, the power transformer was no longer safe to be energized and was declared for replacement due to the following significant findings: High % Insulation Power Factor (IPF) on H-G, X-G, Y-G, and H-Y windings, Low Insulation Resistance and Polarization Index on H-G, X-G, Y-G, and H-Y windings, Burned-out primary bushing turrets, primary power cable, breather, Buchholz relay and other accessories, as well as broken tertiary bushings.

9. Applicant was constrained not to use the defective Urdaneta Power Transformer Bank No. 3 and to temporarily transfer all of its loads to the adjacent bank Urdaneta 83 MVA Power Transformer Bank No. 2. It was not technically feasible to transfer portions of load of Power Transformer Bank No. 3 to Power Transformer Bank No. 1 due to the configuration set-up.

10. As a result of accommodating the loads of the defective transformer, Urdaneta Power Transformer Bank No. 2 was operating above critical level at 73%. The critical loading of the former Power Transformer Bank No. 2 may result to an outage and prolonged and massive interruption in the affected areas. In particular, the supply of electricity to customers in portions of Taguig City, such as but not limited to, Enderun Colleges and Bonifacio Water Corporation and in the City of Makati, such as but not limited to, Ayala Land Inc., Citi Tower Condominium Corp., Citi Center Condominium Corp., Phil Long Distance Tel Co., Tower One and Exchange Plaza Condominium Corp., The World Centre Condominium, Makati Shangrila Hotel, Department of Trade and Industry and Asian Institute of Management, will be adversely affected.

11. Thus, there is a need to replace the defective power transformer with a new 83 MVA Power Transformer in order to avert the prolonged and widespread power interruptions that would have affected customers in the City of Makati and portions of City of Taguig. Subsequently, the new Power Transformer was energized on 10 December 2017.

Shown below are the projected loadings of the affected power transformers with and without the replacement of Urdaneta Power Transformer Bank No. 3.

Table 1: Without Project

Parameter Under Consideration	
Loading of Urdaneta 83-MVA Bank No. 2	73.0%
System Loss	1,739,198k Wh

Table 2: With Project

Parameter Under Consideration	
Loading of Urdaneta 83-MVA Bank No. 3	46.0%
Loading of Urdaneta 83-MVA Bank No. 2	34.0%
System Loss	1,522,907 kWh

12. In the event of another outage of adjacent power transformer, coupled with the non-replacement of the Urdaneta Bank No. 3, there will be approximately 15.26 MVA unserved demand in the areas. Thus, it was crucial that the new power transformer was immediately installed in Urdaneta Substation.

13. The estimated cost of the emergency replacement including the cost of the 83 MVA, 115 kV – 34.5 kV, three-phase power transformer with OLTC to be installed at Urdaneta Substation is **Sixty Million Two Hundred Sixty Seven Thousand Nine Hundred Thirty Seven and Thirty Three Centavos (Php60,267,937.33)**. This amount also includes costs of neutral reactor, power cables, sealing end terminations, transformer oil, taxes, duties, brokerage, trucking services and installation.

14. In further support of the Application, attached hereto are the following documents:

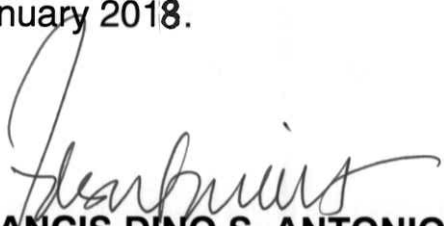
- **Annex “A”** – Emergency CAPEX Project Information Summary with supporting documents: (i) Technical and Economic Analysis, (ii) Cost Estimates; (c) Expenditure Summary; (iii) Cost Benefit Analysis Calculation; and (iv) Gantt Chart;
- **Annex “B”** – Documents showing the results of tests conducted on Power Transformer Bank No. 3; and
- **Annex “C”** – Judicial Affidavit of Engr. Mario delos Reyes, Manager and Head of Applicant’s Substation Services Asset Management Office.

PRAYER

WHEREFORE, it is respectfully prayed to this Honorable Commission that the Applicant’s emergency replacement of power transformer at the Urdaneta Substation be **APPROVED**.

Other relief just and equitable under the premises are likewise prayed for.

Pasig City, 26 January 2018.



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IBP No. 1061089; 01/10/17; RSM

MCLE Compliance No. V-0004608; 6 November 2014



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MCLE Compliance No. VI-0000253; 11 July 2016



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MCLE Compliance No. VI-0000233; 11 July 2016

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Email address: regulatory.legal.staff@meralco.com.ph

Republic of the Philippines)
City of Pasig)) S.S.

VERIFICATION
AND CERTIFICATION ON NON-FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, Filipino, of legal age, married, with office address at 7th Floor, Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City, after being sworn in accordance with law, hereby depose and say that—

1. I am the Vice President and Head, Regulatory Affairs Office, of Applicant **Manila Electric Company (MERALCO)**. In such capacity, I have caused the preparation and filing of the foregoing Application;

2. Moreover, I have been authorized by the Board of Directors of MERALCO to certify that Applicant has not heretofore filed any similar action, pleading or application involving the same issues before the Supreme Court, the Court of Appeals or any other lower courts or administrative bodies. A copy of the Secretary's Certificate authorizing me to cause the preparation of the instant Application and sign this Verification and Certification is attached hereto as Annex "D";

3. I have read and understood the allegations contained therein and the same are true and correct based on my personal knowledge and authentic records made available to me in the ordinary course of business of MERALCO;

4. To the best of my knowledge, no similar action or proceeding is pending before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies;

5. If I should hereafter learn that a similar action has been filed before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies, I undertake to report such fact to this Honorable Commission within five (5) days from notice of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 26 day of JAN 2017 at Pasig City, Philippines.


JOSE RONALD V. VALLES
Affiant

JAN 26 2018

SUBSCRIBED and SWORN to before me this 26 day of January 2018, affiant having exhibited to me his Social Security System ID bearing the number 33-10900088.

Doc. No. 456 ;
Page No. 73 ;
Book No. IV ;
Series of 2018.


ATTY. CRISTOPHER B. ARPON
Notary Public
for and in Pasig, Paleros, Taguig and San Juan
Appointment No. 61 (2017-2018) on January 16, 2017
at Pasig City until December 31, 2018
Rol No. 416207, JP No. 02966, Mo/18 RSM Chapter
PTR No. 2909823, 1/19/18 Pasig City
MCLE No. VI-0000222 7/11/2016
8th Floor Lopez Bldg., Ortigas Avenue, Pasig City



MANILA ELECTRIC COMPANY			
Emergency Project Information Summary			
Project Code	N/A	Priority Ranking	Emergency
Project Title	EMERGENCY REPLACEMENT OF POWER TRANSFORMER BANK NO. 3 AT URDANETA SUBSTATION		
Project Type	Renewal		
Project Driver	Network: Asset Condition		
Project Cost (in millions)	Forex: USD 1.23 M	Local: PHP 2.04 M	Total: PHP 60.27 M
Regulatory Year	RY2018	Commissioning Date	Dec 2017
Project Description	<p>The following emergency Capital Expenditure (CAPEX) project is for the replacement of the defective 83 MVA, 115 kV – 34.5 kV, three-phase Power Transformer, with On Load Tap Changer (OLTC) at Urdaneta Substation with an 83 MVA, 115 kV – 34.5 kV, three-phase Power Transformer, with OLTC.</p> <p>The scope of project includes among other things:</p> <ul style="list-style-type: none">• Unspotting of Power Transformer• Hauling of Power Transformer and acc.• Spotting of Power Transformer• Pre-Assembly Test (Dew Point / Core to ground)• Power Transformer Assembly and Harness/Acc.• Vacuum Drying / Leak Test• Mobilization of Oil Machine• Mobilization of ISO Tank with oil• Oil Reconditioning• Oil Filling• Hot Oil Circulation• Stabilizing / Bleeding• Electrical / Calibration Testing• Chemical testing• Final Re-touch and Clearing• De-mobilization of Heavy equipment• Protection Works and Other Substation Works• Pre-Com Checklist and Final Inspection• Commissioning• Site Clearing and Material Return• Activities for final testing of faulted power transformer		
Project Justification	<p>The Urdaneta Power Transformer Bank No. 3 was tripped out by transformer differential relay due to insulation failure of the primary phase A power cable. The electrical arc created by the power cable failure triggered a series of events that led to the insulating oil on the overhead conservator tank to leak. This caused a large fire which could no longer be contained by the substation's fire suppression system. Hence, MERALCO personnel in the said substation immediately called the Makati City Firemen and the latter was able to extinguish the fire from the affected power transformer.</p> <p>The test results of said power transformer showed that it was no longer safe to be energized and was declared for replacement due to the following significant findings:</p>		

MANILA ELECTRIC COMPANY

Emergency Project Information Summary



MERALCO

High % Insulation Power Factor (IPF) on H-G, X-G, Y-G, and H-Y windings, Low Insulation Resistance and Polarization Index on H-G, X-G, Y-G, and H-Y windings, Burned-out primary bushing turret, primary power cable, breather, Buchholz relay and other accessories, as well as broken tertiary bushings.

With the defective condition of Urdaneta Power Bank No.3, Applicant had to temporarily transfer all of its loads to the adjacent bank Urdaneta 83 MVA Bank No. 2. It was not technically feasible to transfer portions of load of Power Transformer Bank No.3 to Power Transformer Bank No. 1 due to the configuration set-up.

As a result of accommodating the loads of the defective transformer, Urdaneta Power Transformer Bank No. 2 was operating above critical level at 73%. The critical loading of the former Power Transformer Bank No. 2 may result to an outage and prolonged and massive interruption in the affected areas. In particular, the supply of electricity to customers in portions of Taguig City, such as but not limited to, Enderun Colleges and Bonifacio Water Corporation and in the City of Makati, such as but not limited to, Ayala Land Inc., Citi Tower Condominium Corp., Citi Center Condominium Corp., Phil Long Distance Tel Co., Tower One and Exchange Plaza Condominium Corp., The World Centre Condominium, Makati Shangrila Hotel, Department of Trade and Industry and Asian Institute of Management, will be adversely affected.

Considering the foregoing, there is a need to replace the defective power transformer with a new 83 MVA Power Transformer.

The new Power Transformer was energized on 10 December 2017.

Annex A	Technical and Economic Analysis
Annex B	Project Cost
Annex C	Real to Nominal Conversion Worksheet
Annex D	Cost Benefit Analysis Calculation
Annex E	Gantt Chart

ANNEX A: TECHNICAL AND ECONOMIC ANALYSIS

1. BACKGROUND

1.1. Existing System

Urdaneta Substation is located at EDSA cor. Recoletos Circle cor. Recoletos St., Brgy. Urdaneta Village, Makati City, Metro Manila. The Power Transformer Banks in said substation are Power Transformer Banks Nos. 1, 2, 3. The said substation serves the power requirements of customers in Makati City and portions of Taguig City.

On 05 August 2017, Urdaneta Power Transformer Bank No. 3 was tripped out by transformer differential relay due to insulation failure of the primary phase A power cable. The electrical arc created by the power cable failure triggered a series of events that led to the insulating oil on the overhead conservator tank to leak. This caused a large fire which could no longer be contained by the substation's fire suppression system. Thus, MERALCO personnel in the said substation immediately called the Makati City Firemen and the latter was able to extinguish the fire from the affected power transformer.

On 5 August 2017 and 6 August 2017, Applicant conducted a series of tests on the said power transformer. The test results showed that the power transformer was no longer safe to be energized and was declared for replacement due to the following significant findings: High % Insulation Power Factor (IPF) on H-G, X-G, Y-G, and H-Y windings, Low Insulation Resistance and Polarization Index on H-G, X-G, Y-G, and H-Y windings, Burned-out primary bushing turret, primary power cable, breather, Buchholz relay and other accessories, as well as broken tertiary bushings.

Applicant was constrained not to use the defective Urdaneta Power Bank #3 and to temporarily transfer all of its loads to the adjacent bank Urdaneta 83 MVA Bank No. 2. It was not technically feasible to transfer portions of load of Power Transformer Bank No.3 to Power Transformer Bank No. 1 due to the configuration set-up.

As a result of accommodating the loads of the defective transformer, Urdaneta Power Transformer Bank No. 2 was operating above critical level at 73%. The critical loading of the former Power Transformer Bank No. 2 may result to an outage and prolonged and massive interruption in the affected areas. In particular, the supply of electricity to customers in portions of Taguig City, such as but not limited to, Enderun Colleges and Bonifacio Water Corporation and in the City of Makati, such as but not limited to, Ayala Land Inc., Citi Tower Condominium Corp., Citi Center Condominium Corp., Phil Long Distance Tel Co., Tower One and Exchange Plaza Condominium Corp., The World Centre Condominium, Makati Shangri-la Hotel, Department of Trade and Industry and Asian Institute of Management, will be adversely affected.

Thus, there is a need to replace the defective power transformer with a new 83 MVA Power Transformer in order to avert the prolonged and widespread power interruptions that would have affected customers in the City of Makati and portions of City of Taguig. Subsequently, the new Power Transformer was energized on 10 December 2017.

1.2. Planning Criteria and Standards

In planning for the renewal and refurbishment projects of its distribution system, MERALCO adheres to the following policies and criteria:

1.2.1. Planning Policies

Substation Maintenance/Planning Policies

- For 34.5 KV primary rating & below – inspection at least once a month
- For 115 KV rating – inspection at least twice a month
- Thermographic Scanning and Ultrasonic Detection -at least every three months.
- Electrical Testing – every 2 years
- Oil Sampling/Testing – every year
- Dissolved Gas Analysis (DGA) – Every 3 months for 80MVA & below
- Dissolved Gas Analysis – Monthly for above 80MVA rating

1.2.2. Planning Criteria

CAPEX Projects (Maintenance) Planning Criteria

The replacement of power transformers is driven by the following criteria:

- Condition and age
 - Failure of winding ratio test.
 - Combination of optimized asset life and constant failure of electrical testing
- Technological obsolescence
 - Combination of optimized asset life and problem of parts due to obsolescence
- Compliance to regulatory and statutory requirements
 - Such as voltage variations requirements to meet customer needs
- Project $NPV > 0$, $FIRR > WACC$, $B/C > 1.0$
 - NPV – Net Present Value
 - FIRR – Finance Internal Rate of Return
 - WACC – Weighted Average Cost of Capital
 - B/C – Benefit to Cost Ratio

2. PERFORMANCE ASSESSMENT

The Urdaneta 83-MVA Power Transformer Bank No. 3 was subjected to tests after the tripping incident. The power transformer was no longer safe to use so the loads thereof were transferred to Urdaneta Power Transformer Bank No. 2. As a consequence, the said adjacent power transformer bank was loaded at critical level. Thus, an outage of Power Transformer Bank No. 2 may cause power interruptions to the detriment of customers in affected areas.

2.1. Analysis

2.1.1. Qualitative Performance Measures

Parameter Under Consideration	Result without Project	Result with Project
Loading of existing Urdaneta 83-MVA Bank No. 2 (Condition: Urdaneta Transformer Bank No. 3 is out)	Critical level	Within normal loading condition
System Loss	Higher system loss	Lower system loss

2.1.2. Quantitative Performance Measures

Table 1: Without Project

Parameter Under Consideration	
Loading of Urdaneta 83-MVA Bank No. 2	73.0%
System Loss	1,739,198 kWh

Table 2: With Project

Parameter Under Consideration	
Loading of Urdaneta 83-MVA Bank No. 3	46.0%
Loading of Urdaneta 133-MVA Bank No. 2	34.0%
System Loss	1,522,907 kWh

2.2. Specific Planning Criteria breached

In this project, the transformer failed the winding Insulation Power Factor, Insulation Resistance, and Polarization Index tests and was recommended for immediate replacement.

3. PROJECT FORMULATION AND EVALUATION

3.1 Project Alternative

In the process of determining the most cost-effective solution to address the identified deficiencies, MERALCO generated several technically-feasible alternatives that could satisfy the requirements in a timely and efficient manner.

The problem and project alternatives are summarized below:

Problem Description	Defective Power Transformer	
Project Alternatives		Classification
Alternative 1	Replace the defective transformer with OLTC with a new transformer with OLTC	Stand-alone
Alternative 2	Transfer the load to adjacent transformer without replacing the defective transformer	Stand-alone

3.1.1. Alternative 1

Alternative 1 is replacement of the defective Power Transformer Bank No. 3 with OLTC with a new 83 MVA power transformer with OLTC. With the implementation of this alternative, the load requirements of Power Transformer Bank 3 will be served without any dire impacts to the distribution system and customers.

3.1.2. Alternative 2

Alternative 2 pertains to the transfer of the loads to adjacent transformer i.e., Urdaneta Transformer Bank No. 2 without replacing the defective Urdaneta Bank No. 3.

Applicant will have to resort to load shifting from Urdaneta Power Transformer Bank No. 3 to the said adjacent power transformer and this may compromise the safety, reliability and security of the distribution system.

3.2 Technical Analysis

The following table summarizes the comparison of the advantages and disadvantages of the alternatives:

Alternative	Advantages	Disadvantages
<p>Alternative 1 Replace the existing transformer with OLTC with a new transformer with OLTC.</p>	<ul style="list-style-type: none"> • There is no need to transfer loads of New Power Transformer Bank No. 3 to the adjacent power transformer in order to serve the load requirements of power transformer Bank No. 3. Consequently, the adjacent power transformer will not be critically loaded. • This will restore normal distribution line flexibility and ultimately ensure the reliability of the distribution system in the area. • This will ensure the reliability and quality of electric service to affected customers as well as the safety of the people in the affected areas. • Lower system loss in the affected area. 	<ul style="list-style-type: none"> • There is no significant disadvantage as compared to Alternative 2.
<p>Alternative 2 Transfer the load to adjacent transformers without replacing the defective Urdaneta Transformer Bank No.3</p>	<ul style="list-style-type: none"> • There is no significant advantage as compared to Alternative 1. 	<ul style="list-style-type: none"> • Critical loading of adjacent Urdaneta 83 MVA Bank No. 2. • The said loading level of Power Transformer Bank No. 2 could adversely affect the quality of electric service to the customers in the area since an outage thereof may lead to a power interruption thereat. • There will be poor distribution line flexibility and this may affect the reliability of the

Alternative	Advantages	Disadvantages
		<p>distribution system in the area.</p> <ul style="list-style-type: none"> • This will increase the system loss in the affected area.

3.2 Financial Analysis

The financial evaluations of the alternative projects are summarized in the following table:

Project Alternative	Project Description	Net Present Value (NPV) (in thousands)	(FIRR)	B/C
Alternative 1	Replace the defective transformer with OLTC with a transformer with OLTC	1,893.90	16%	1.03
Alternative 2	Transfer the load to adjacent transformers without replacing the defective transformer.	-111.38	4%	0.77

4. RECOMMENDATION

The replacement of the failed 83-MVA Power Transformer with OLTC at Urdaneta Substation with a new 83-MVA Power Transformer with OLTC will resolve all system constraints and deficiencies.

Without the emergency CAPEX project, there will be increased exposure of the affected 34.5kV distribution lines due to emergency load shifting. Also there will be constraints in accommodating additional loads due to inadequate capacity.

Thus, it is recommended that a new Power Transformer Bank No. 3 be installed in said substation so as to enable Applicant to fully address all problems/concerns and to continuously provide quality and reliable electric service to customers in the affected areas.

Scope of work

- Replacement of 83MVA power transformer with OLTC.
 - Unspotting of Power Transformer
 - Hauling of Power Transformer and acc.
 - Spotting of Power Transformer
 - Spotting of RCC
 - Pre-Assembly Test (Dew Point / Core to ground)
 - Mobilization of Heavy Eqpt
 - Uncrating of Accessories (at temporary storage)

- Hauling of Accessories to Site
- Power Transformer Assembly and Harness/Acc.
- Vacuum Drying / Leak Test
- Mobilization of Oil Machine
- Mobilization of ISO Tank =with oil
- Oil Reconditioning
- Oil Filling
- Hot Oil Circulation
- Stabilizing / Bleeding
- Electrical / Calibration Testing
- Chemical testing
- Final Re-touch and Clearing
- De-mobilization of Heavy equipment
- Protection Works and Other Substation Works
- Pre-Com Checklist and Final Inspection
- Commissioning
- Site Clearing and Material Return
- Activities for final testing of faulted power transformer

4.1. Impact

This will resolve the above-mentioned constraints and deficiencies of the distribution system and prevent outages to customers in Makati City and portions of Taguig City.

ANNEX B: PROJECT COST

The project cost includes labor and material costs. The material costs are based on the moving average price of the equipment that will be used in relation to this project. The cost includes the neutral reactor, power cables, sealing end terminations, transformer oil, taxes, duties, brokerage, trucking services and installation.

Table 1: Detailed Cost Estimate for Installation of Power Transformer

	Labor Cost	Material Cost	Other Cost	Sub-Total
Power transformer	1,355,095.04	58,226,211.75	686,630.54	60,267,937.33
Total (PhP)	1,355,095.04	58,226,211.75	686,630.54	60,267,937.33

Table 2: Summary of Cost Estimates

Description	Quantity	Major Equipment	Total
Urdaneta Power Transformer	1	83 MVA, 115kVY-34.5kVY-13.8kVD three-phase power transformer with On –Load Tap Changer (OLTC)	60,267,937.33
Total (PhP Real 2017)			60,267,937.33

Table 3. Cost Component Breakdown

Cost Component	RY2018
Local	2,041,725.58
FOREX (US \$)	1,233,606.18
Total (PhP, Real 2017)	60,267,937.33

ANNEX C: EXPENDITURE SUMMARY

MANILA ELECTRIC COMPANY
Capital Expenditure - Major Projects



Local Expenditure

PROJECT NAME:		CAPITAL EXPENDITURE - MAJOR PROJECTS (LOCAL COMPONENT)			
EMERGENCY REPLACEMENT OF POWER TRANSFORMER BANK NO. 3 AT URDANETA SUBSTATION		Forecast (PhP, real) (Regulatory Year)			
Category		2016	2017	2018	2019
Regulated Distribution Services Assets					
Network	Land and Land Rights (Distribution Purposes)				
	Structures and Improvements (Distribution Purposes)				
	Station Equipment				
	Power transformers		2,041,726		
	Switchgear				
	Protective equipment				
	Metering & control equipment				
	Communications equipment				
	Other station equipment				
	Poles, Towers and Fixtures - Distribution				
	Overhead Conductors and Devices - Distribution				
	Underground Conduits - Distribution				
	Underground Conductors and Devices - Distribution				
	Distribution Transformers				
	Power Conditioning Equipment				
	Meters, Metering Instruments & Metering Transformers - Distribution				
	Information technology equipment (distribution)				
	Regulated Entity Property on Consumer's Premises				
	Street Lights and Signal Systems				
	Submarine Cables				
Non-network	Land and Land Rights (non-network)				
	Structures and Improvements (non-network)				
	Office Furniture and Equipment				
	Transportation Equipment				
	Stores Equipment				
	Tools, Shop and Garage Equipment				
	Laboratory Equipment				
	Information Systems Equipment (non-network)				
	Power-operated Equipment				
	Communication Plant and Equipment				
	Miscellaneous Equipment				
	Materials and supplies (including spares)				
Materials	Materials and supplies (including spares)				
Subtrans	Transferred subtransmission assets				
Sub-total Regulated Distribution Services		0	2,041,726	0	0
Distribution Connection Services Assets					
Network	Poles, Towers and Fixtures (Customer)				
	Overhead Conductors and Devices (Customer)				
	Underground Conduits (Customer)				
	Underground Conductors and Devices (Customer)				
	Line Transformers (Customer)				
Non-network	Information Systems Equipment (Connection)				
	Land and Land Rights (non-network)				
	Structures and Improvements (non-network)				
	Office Furniture and Equipment				
	Transportation Equipment				
	Stores Equipment				
	Tools, Shop and Garage Equipment				
	Laboratory Equipment				
	Information Systems Equipment (non-network)				
	Power-operated Equipment				
	Communication Plant and Equipment				
	Miscellaneous Equipment				
Materials	Materials and supplies (including spares)				
Sub-total Distribution Connection Assets		0	0	0	0
Regulated Retail Services Assets					
	Meters, Instruments & Metering Transformers (Consumer Consumption Metering)				
	Land and land rights				
	Structures and improvements				
	Office Furniture and Equipment				
	Transportation Equipment				
	Stores Equipment				
	Tools, Shop and Garage Equipment				
	Laboratory Equipment				
	Information Systems Equipment				
	Communication Plant and Equipment				
	Miscellaneous Equipment				
Sub-total Regulated Retail Services Assets		0	0	0	0
TOTAL CAPEX		0	2,041,726	0	0

ANNEX C: EXPENDITURE SUMMARY

MANILA ELECTRIC COMPANY
Capital Expenditure - Major Projects



US\$ Expenditure (including all international expenditure)

PROJECT NAME:		CAPITAL EXPENDITURE - MAJOR PROJECTS (US\$ COMPONENT)			
EMERGENCY REPLACEMENT OF POWER TRANSFORMER BANK NO. 3 AT URDANETA SUBSTATION		Forecast (US\$, real) (Regulatory Year)			
Category		2016	2017	2018	2019
Regulated Distribution Services Assets					
Network	Land and Land Rights (Distribution Purposes)				
	Structures and Improvements (Distribution Purposes)				
	Station Equipment				
	Power transformers		1,233,606		
	Switchgear				
	Protective equipment				
	Metering & control equipment				
	Communications equipment				
	Other station equipment				
	Poles, Towers and Fixtures - Distribution				
	Overhead Conductors and Devices - Distribution				
	Underground Conduits - Distribution				
	Underground Conductors and Devices - Distribution				
	Distribution Transformers				
	Power Conditioning Equipment				
	Meters, Metering Instruments & Metering Transformers - Distribution				
	Information technology equipment (distribution)				
	Regulated Entity Property on Consumer's Premises				
	Street Lights and Signal Systems				
	Submarine Cables				
Non-network	Land and Land Rights (non-network)				
	Structures and Improvements (non-network)				
	Office Furniture and Equipment				
	Transportation Equipment				
	Stores Equipment				
	Tools, Shop and Garage Equipment				
	Laboratory Equipment				
	Information Systems Equipment (non-network)				
	Power-operated Equipment				
	Communication Plant and Equipment				
	Miscellaneous Equipment				
	Materials and supplies (including spares)				
Materials	Materials and supplies (including spares)				
Subtrans	Transferred subtransmission assets				
Sub-total Regulated Distribution Services		0	1,233,606	0	0
Distribution Connection Services Assets					
Network	Poles, Towers and Fixtures (Customer)				
	Overhead Conductors and Devices (Customer)				
	Underground Conduits (Customer)				
	Underground Conductors and Devices (Customer)				
	Line Transformers (Customer)				
Non-network	Information Systems Equipment (Connection)				
	Land and Land Rights (non-network)				
	Structures and Improvements (non-network)				
	Office Furniture and Equipment				
	Transportation Equipment				
	Stores Equipment				
	Tools, Shop and Garage Equipment				
	Laboratory Equipment				
	Information Systems Equipment (non-network)				
	Power-operated Equipment				
	Communication Plant and Equipment				
	Miscellaneous Equipment				
Materials	Materials and supplies (including spares)				
Sub-total Distribution Connection Assets		0	0	0	0
Regulated Retail Services Assets					
	Meters, Instruments & Metering Transformers (Consumer Consumption Metering)				
	Land and land rights				
	Structures and improvements				
	Office Furniture and Equipment				
	Transportation Equipment				
	Stores Equipment				
	Tools, Shop and Garage Equipment				
	Laboratory Equipment				
	Information Systems Equipment				
	Communication Plant and Equipment				
	Miscellaneous Equipment				
Sub-total Regulated Retail Services Assets		0	0	0	0
TOTAL CAPEX		0	1,233,606	0	0

Notes : References to Regulatory Years are for the 12-month period ending on Jun 30 of the year noted.

ANNEX C: EXPENDITURE SUMMARY

MANILA ELECTRIC COMPANY

Capital Expenditure - Major Projects

Total Expenditure, local and foreign (PhP, real)



PROJECT NAME:		CAPITAL EXPENDITURE - MAJOR PROJECTS (TOTAL, REAL)			
EMERGENCY REPLACEMENT OF POWER TRANSFORMER BANK NO. 3 AT URDANETA SUBSTATION		Forecast (PhP, real) (Regulatory Year)			
Category		2016	2017	2018	2019
Regulated Distribution Services Assets					
Network	Land and Land Rights (Distribution Purposes)	0	0	0	0
	Structures and Improvements (Distribution Purposes)	0	0	0	0
	Station Equipment				
	Power transformers	0	60,267,937	0	0
	Switchgear	0	0	0	0
	Protective equipment	0	0	0	0
	Metering & control equipment	0	0	0	0
	Communications equipment	0	0	0	0
	Other station equipment	0	0	0	0
	Poles, Towers and Fixtures - Distribution	0	0	0	0
	Overhead Conductors and Devices - Distribution	0	0	0	0
	Underground Conduits - Distribution	0	0	0	0
	Underground Conductors and Devices - Distribution	0	0	0	0
	Distribution Transformers	0	0	0	0
	Power Conditioning Equipment	0	0	0	0
	Meters, Metering Instruments & Metering Transformers - Distribution	0	0	0	0
	Information technology equipment (distribution)	0	0	0	0
	Regulated Entity Property on Consumer's Premises	0	0	0	0
	Street Lights and Signal Systems	0	0	0	0
	Submarine Cables	0	0	0	0
Non-network	Land and Land Rights (non-network)	0	0	0	0
	Structures and Improvements (non-network)	0	0	0	0
	Office Furniture and Equipment	0	0	0	0
	Transportation Equipment	0	0	0	0
	Stores Equipment	0	0	0	0
	Tools, Shop and Garage Equipment	0	0	0	0
	Laboratory Equipment	0	0	0	0
	Information Systems Equipment (non-network)	0	0	0	0
	Power-operated Equipment	0	0	0	0
	Communication Plant and Equipment	0	0	0	0
	Miscellaneous Equipment	0	0	0	0
	Materials and supplies (including spares)	0	0	0	0
	Transferred subtransmission assets	0	0	0	0
Sub-total Regulated Distribution Services		0	60,267,937	0	0
Distribution Connection Services Assets					
Network	Poles, Towers and Fixtures (Customer)	0	0	0	0
	Overhead Conductors and Devices (Customer)	0	0	0	0
	Underground Conduits (Customer)	0	0	0	0
	Underground Conductors and Devices (Customer)	0	0	0	0
	Line Transformers (Customer)	0	0	0	0
	Information Systems Equipment (Connection)	0	0	0	0
Non-network	Land and Land Rights (non-network)	0	0	0	0
	Structures and Improvements (non-network)	0	0	0	0
	Office Furniture and Equipment	0	0	0	0
	Transportation Equipment	0	0	0	0
	Stores Equipment	0	0	0	0
	Tools, Shop and Garage Equipment	0	0	0	0
	Laboratory Equipment	0	0	0	0
	Information Systems Equipment (non-network)	0	0	0	0
	Power-operated Equipment	0	0	0	0
	Communication Plant and Equipment	0	0	0	0
	Miscellaneous Equipment	0	0	0	0
	Materials and supplies (including spares)	0	0	0	0
	Sub-total Distribution Connection Assets	0	0	0	0
Regulated Retail Services Assets					
	Meters, Instruments & Metering Transformers (Consumer Consumption Metering)	0	0	0	0
	Land and land rights	0	0	0	0
	Structures and improvements	0	0	0	0
	Office Furniture and Equipment	0	0	0	0
	Transportation Equipment	0	0	0	0
	Stores Equipment	0	0	0	0
	Tools, Shop and Garage Equipment	0	0	0	0
	Laboratory Equipment	0	0	0	0
	Information Systems Equipment	0	0	0	0
	Communication Plant and Equipment	0	0	0	0
	Miscellaneous Equipment	0	0	0	0
Sub-total Regulated Retail Services Assets		0	0	0	0
TOTAL CAPEX		0	60,267,937	0	0

Notes : References to Regulatory Years are for the 12-month period ending on June 30 of the year noted.

COST-BENEFIT ANALYSIS TEMPLATE

Project Name : Replacement of Udaera Bank 3
Brief Description : Purchase a new 83MVA Power Transformer and replace the defective Udaera Bank 3



2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30

(Peso amounts in thousands)

CASH INFLOWS

Operational Savings	3,820	3,967	4,120	4,276	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388	4,388
Avoided cost 1	4,820	5,006	5,198	5,388	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537
Additional Revenue	3,013																													

0	11,654	8,973	9,318	9,676	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925	9,925
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CASH OUTFLOWS

Investment	60,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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60,288	750	246	287	260	263	255	298	260	304	265	310	270	315	274	3,303	279	326	284	332	3,447	291	340	3,533	299	349	3,619	306	357	3,705	313
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NET CASH FLOWS	(60,288)	10,904	8,727	9,030	9,665	9,662	9,670	9,627	9,665	9,621	9,660	9,615	9,656	9,610	9,661	6,622	9,646	9,599	9,641	9,593	6,478	9,634	9,585	6,392	9,626	9,576	6,306	9,619	9,568	6,220	9,612
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30 years

WACC 14.97%

IRR	16%
NPV	1,893.90
B/C	1.03

Manila Electric Company

COST-BENEFIT-ANALYSIS TEMPLATE

Project Name : Replacement of Urdaneta Bank 3

Brief Description : Transfer all loads served by Urdaneta Transformer Bank No. 3 to adjacent transformers



2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30

(Peso amounts in thousands)

CASH INFLOWS

Operational Savings																														
Avoided cost	36	38	39	41	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	
Additional Revenue	200																													

CASH OUTFLOWS

Investment	-																												
Maintenance cost	17	28	18	29	18	29	18	30	19	31	19	31	19	32	20	32	20	33	20	33	21	34	21	34	21	35	22	35	22
Dislocation cost	471																												
Inflangible cost																													

NET CASH FLOWS

0	(232)	9	21	12	24	12	23	12	23	11	23	10	22	10	22	9	21	9	21	8	21	8	20	7	20	7	20	6	19	5
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30 years

WACC 14.97%

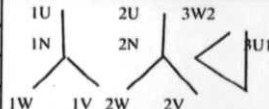
IRR	4%
NPV	(111.38)
B / C	0.77

ANNEX E: GANTT CHART

[illegible]

	SUBSTATION PREVENTIVE MAINTENANCE PROCEDURE POWER TRANSFORMER DATA	PM-DSSB-251.03	Page 1 of 3
		Rev. Code: 01	
		Effectivity Date: February 25, 2011	

Location: Urdaneta Substation Condition: Faulted Date : August 5-6, 2017
 Make: ABB Serial No.: 120176 Weather: Fair Amb.Temp.: 29°C Rel. Hum.: 61%
 Phase: 3 Capacity: 50/66.67/83.33 MVA Voltage Ratings: 110/34.5/13.8 kV %Z Volts: -
 Co. No.: Bank #3 Type: PDOR83333/123 Class: OA/FA1/FA2 Temp. Rise: 65°C
 Tested by: EM, GF, RG, AE Requested by: S/S Central O & M Witnessed by: Mr. C. S. Alvareda

WDG. & TAPS	VOLTAGE RATING	WINDING RESISTANCE		RATIO TEST			INSULATION TEST				
		@ 33°C @ 75°C		As found	Computed	% RATIO	A. INSULATION RESISTANCE, MΩ				
		RATIO	RATIO	TEST CONN.	1 MIN. RDG.		10 MIN. RDG.		P.I.		
IUIN		Ω		IUIN-2U2N		500 V	2500 V	500 V		2500 V	
1	121,000	0.170	0.197	3.510	3.507	100.08%	H - G	380		470	1.24
2	119,625	0.166	0.192	3.470	3.467	100.08%	X - G	340		390	1.15
3	118,250	0.163	0.189	3.430	3.428	100.07%	H - X	2,780		5,580	2.01
4	116,875	0.158	0.183	3.390	3.388	100.07%	Y - G	120		135	1.13
5	115,500	0.155	0.179	3.349	3.348	100.04%	X - Y	2,550		5,330	2.09
6	114,125	0.152	0.176	3.309	3.308	100.03%	H - Y	100		110	1.10
7	112,750	0.148	0.171	3.268	3.268	100.00%					
8	111,375	0.144	0.167	3.228	3.228	99.99%	B. INSULATION POWER FACTOR TEST:				
9B	110,000	0.140	0.162	3.188	3.188	99.99%	TEST CONN.	mA RDG.	WATTS RDG.	% IPF @30°C	% IPF @20°C
10	108,625	0.154	0.178	3.147	3.149	99.95%	H - G	12.650	2.312	1.828	1.462
11	107,250	0.149	0.172	3.107	3.109	99.95%	X - G	9.561	1.846	1.928	1.542
12	105,875	0.145	0.168	3.066	3.069	99.91%	H - X	31.370	0.403	0.128	0.102
13	104,500	0.141	0.163	3.026	3.029	99.90%	Y - G	52.320	75.292	14.391	11.513
14	103,125	0.137	0.159	2.986	2.989	99.90%	X - Y	51.610	0.690	0.133	0.106
15	101,750	0.133	0.154	2.945	2.949	99.86%	H - Y	0.281	1.253	44.480	35.584
16	100,375	0.129	0.149	2.905	2.909	99.85%					
17	99,000	0.125	0.145	2.865	2.870	99.84%	C. OIL TEST :				
2U2N	34,500	0.021	0.024	Ω	-	-	DBV	IFT	NN	Color	%IPF @ 20°C
2V2N	34,500	0.021	0.024	Ω	-	-					Water Content
2W2N	34,500	0.021	0.024	Ω	-	-	37	0.015	34.8	<0.5	0.107
Exciting Current Test (mA):							POLARITY TEST :				
Connection	2.5 kV	5.0 kV	7.5 kV	10 kV	-	-	As fnd. Tap : 3	VECTOR DIAGRAM			
IUIN	106.4	81.50	-	-	-	-	As Left Tap : 3				
1V2N	79.72	61.23	-	-	-	-	Polarity				
1W1N	106.7	81.93	-	-	-	-	Subtractive				
							Additive				

Instruments Used : DTS-21, TTR-14, TO-04, MG-584

REMARKS : Results of the test are as follows:

1. High % IPF on H-G, X-G, Y-G and H-Y windings, 2. Low insulation resistance and polarization index on H-G, X-G, Y-G and H-Y, 3. Burn-out primary bushing turret, primary power cable, breather, Buchholz relay and other accessories, 4. Broken tertiary bushings, 3W2 & 3U1.

Above power transformer is recommended for replacement.

Received by: _____ Checked by:  Approved by: 

Retention: EQUIPMENT LIFE

	SUBSTATION PREVENTIVE MAINTENANCE PROCEDURE	PM-DSSB-251.03 Rev. Code: 01	Page 2 of 3
	POWER TRANSFORMER DATA		Effectivity Date: February 25, 2011

Location: Urdaneta Substation Condition: Faulted Date : August 5-6, 2017
 Make: ABB Serial No.: 120176 Weather: Fair Amb.Temp.: 29°C Rel. Hum.: 61%
 Phase: 3 Capacity: 50/66.67/83.33 MVA Voltage Ratings: 110/34.5/13.8 kV %Z Volts: -
 Co. No.: Bank #3 Type: PDOR83333/123 Class: OA/FA1/FA2 Temp. Rise: 65°C
 Tested by: EM, GF, RG, AE Requested by: S/S Central O & M Witnessed by: Mr. C. S. Alvareda

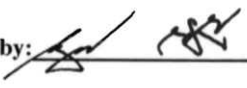
WDG. & TAPS	VOLTAGE RATING	WINDING RESISTANCE		RATIO TEST			INSULATION TEST					
		RESISTANCE		As found RATIO	Computed RATIO	% RATIO	A. INSULATION RESISTANCE, MΩ					
		@ 33°C	@ 75°C				TEST CONN.	1 MIN. RDG.		10 MIN. RDG.		P.I.
1VIN		Ω		1VIN-2V2N				500 V	2500 V	500 V	2500 V	
1	121,000	0.167	0.193	3.512	3.507	100.14%	H - G					
2	119,625	0.164	0.190	3.472	3.467	100.13%	X - G					
3	118,250	0.160	0.185	3.432	3.428	100.13%	H - X					
4	116,875	0.156	0.180	3.392	3.388	100.13%	Y - G					
5	115,500	0.152	0.176	3.352	3.348	100.12%	X - Y					
6	114,125	0.148	0.171	3.311	3.308	100.09%	H - Y					
7	112,750	0.145	0.168	3.270	3.268	100.06%						
8	111,375	0.141	0.163	3.230	3.228	100.05%	B. INSULATION POWER FACTOR TEST:					
9B	110,000	0.136	0.157	3.190	3.188	100.05%	TEST CONN.	mA RDG.	WATTS RDG.	% IPF @30°C	% IPF @20°C	
10	108,625	0.149	0.172	3.149	3.149	100.01%	H - G					
11	107,250	0.145	0.168	3.109	3.109	100.01%	X - G					
12	105,875	0.140	0.162	3.068	3.069	99.97%	H - X					
13	104,500	0.137	0.159	3.028	3.029	99.97%	Y - G					
14	103,125	0.134	0.155	2.988	2.989	99.96%	X - Y					
15	101,750	0.131	0.152	2.948	2.949	99.96%	H - Y					
16	100,375	0.128	0.148	2.906	2.909	99.88%						
17	99,000	0.124	0.143	2.866	2.870	99.88%	C. OIL TEST :					
-	-	-	-	-	-	-	DBV	IFT	NN	Color	% IPF @ 20°C	Water Content
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
							POLARITY TEST :					
Insulation Resistance - Core to Ground							As fnd. Tap : 3		VECTOR DIAGRAM 			
							As Left Tap : 3					
							Polarity					
							X Subtractive					
							Additive					

Instruments Used : DTS-21, TTR-14, TO-04, MG-584

REMARKS : Results of the test are as follows:

1. High % IPF on H-G, X-G, Y-G and H-Y windings, 2. Low insulation resistance and polarization index on H-G, X-G, Y-G and H-Y, 3. Burn-out primary bushing turret, primary power cable, breather, Buchholz relay and other accessories, 4. Broken tertiary bushings, 3W2 & 3U1.

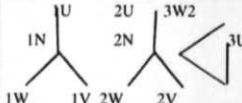
Above power transformer is recommended for replacement.

Received by: _____ Checked by:  Approved by: 

Retention: EQUIPMENT LIFE

	SUBSTATION PREVENTIVE MAINTENANCE PROCEDURE	PM-DSSB-251.03	Page 3 of 3
		Rev. Code: 01	
	POWER TRANSFORMER DATA		
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WDG. & TAPS	VOLTAGE RATING	WINDING RESISTANCE		RATIO TEST			INSULATION TEST				
		RESISTANCE		As found RATIO	Computed RATIO	% RATIO	A. INSULATION RESISTANCE, MΩ				
		@ 33°C	@ 75°C				TEST CONN.	1 MIN. RDG.		10 MIN. RDG.	
1W1N		Ω		1W1N-2W2N				500 V	2500 V	500 V	2500 V
1	121,000	0.167	0.193	3.511	3.507	100.11%	H - G				
2	119,625	0.163	0.189	3.470	3.467	100.08%	X - G				
3	118,250	0.159	0.184	3.430	3.428	100.07%	H - X				
4	116,875	0.155	0.179	3.390	3.388	100.07%	Y - G				
5	115,500	0.151	0.175	3.350	3.348	100.06%	X - Y				
6	114,125	0.147	0.170	3.309	3.308	100.03%	H - Y				
7	112,750	0.143	0.165	3.268	3.268	100.00%					
8	111,375	0.139	0.161	3.228	3.228	99.99%	B. INSULATION POWER FACTOR TEST:				
9B	110,000	0.134	0.155	3.188	3.188	99.99%	TEST CONN.	mA RDG.	WATTS RDG	% IPF @30°C	% IPF @20°C
10	108,625	0.148	0.171	3.148	3.149	99.98%	H - G				
11	107,250	0.144	0.167	3.108	3.109	99.98%	X - G				
12	105,875	0.139	0.161	3.068	3.069	99.97%	H - X				
13	104,500	0.136	0.157	3.026	3.029	99.90%	Y - G				
14	103,125	0.132	0.153	2.986	2.989	99.90%	X - Y				
15	101,750	0.128	0.148	2.945	2.949	99.86%	H - Y				
16	100,375	0.125	0.145	2.905	2.909	99.85%					
17	99,000	0.123	0.142	2.866	2.870	99.88%	C. OIL TEST :				
-	-	-	-	-	-	-	DBV	IFT	NN	Color	% IPF @ 20°C
-	-	-	-	-	-	-					Water Content
-	-	-	-	-	-	-	-	-	-	-	-
Secondary Power Cable				Secondary Arrester		-	POLARITY TEST :				
	mA	Watts		mA	Watts	-	As fnd. Tap : 3		VECTOR DIAGRAM		
Phase A	51.98	0.108	Phase A	0.621	0.184	-	As Left Tap : 3				
Phase B	49.92	0.113	Phase B	0.621	0.186	-	Polarity				
Phase C	48.18	0.124	Phase C	0.623	0.187	-	X Subtractive				
							Additive				

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
EMERGENCY REPLACEMENT
OF ONE (1) 83-MVA POWER
TRANSFORMER AT
URDANETA SUBSTATION,**

ERC Case No. 2018- ____ RC

**MANILA ELECTRIC COMPANY
(MERALCO),**

Applicant.

X-----X

**JUDICIAL AFFIDAVIT
OF ENGR. MARIO DELOS REYES**

The following examination of witness, **ENGR. MARIO ANGELITO A. DELOS REYES**, of legal age, with office address at 4th Floor, Technical Services Building, Ortigas Avenue, Barangay Ugong, Pasig City, Philippines, who is an employee of the Manila Electric Company ("MERALCO") with rank of Head of Substation Services Asset Management (STSAM) Office of MERALCO, was conducted by Atty. Carmen Grace S. Ramos, at the 7th Floor, Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City, on 26 January 2018.

The testimony of ENGR. MARIO ANGELITO A. DELOS REYES is being offered for following purposes:

1. To prove the justification and necessity for the Emergency Replacement of One (1) 83 MVA Power Transformer at Urdaneta Substation and the benefits that resulted due to the implementation of the emergency project;
2. To prove the estimated cost of the emergency Capital Expenditure (CAPEX), project financing plan and project schedule;
3. To show and prove the results of the tests conducted on Urdaneta Power Transformer Bank No. 3;

4. To show and prove the impact to Applicant's distribution system and customers if the emergency project was not implemented;
5. To prove that the approval of the Application was warranted;
6. To identify the documents in relation to this case; and
7. Other matters relevant to the instant Application.

X-----X

I, **ENGR. MARIO ANGELITO A. DELOS REYES**, Filipino, of legal age, married, with office address at 4th Floor, Technical Services Building, Ortigas Avenue, Barangay Ugong, Pasig City, Philippines after having been sworn to in accordance with law, fully conscious that I am answering the questions under oath and with knowledge that I may face criminal liability for false testimony and perjury, hereby depose and state:

Q1: What are your professional and educational qualifications?

A1: I am a licensed Professional Electrical Engineer. I passed the PEE Board Examination in 4 February 1991. I hold a Bachelor of Science degree in Electrical Engineering from the Mapua Institute of Technology.

Q2: Where are you presently employed?

A2: I am currently the Manager and Head of Substation Services Asset Management (SSAM) Office of MERALCO, effective 1 May 2016. Prior to this, I was the Team Leader of Substation South Operation and the Maintenance and Team Leader of Substation North Operation and Maintenance.

Q3: How long have you been employed by MERALCO?

A3: I have been employed by MERALCO for the past twenty -seven (27) years.

Q4: What are your duties and responsibilities as Manager and Head of SSAM Office?

A4: My major duties and responsibilities as SSAM Manager and Head include Substation Process Management, Substation Maintenance Planning and Performance Management and Development of Substation Standards.

Q5: Are you familiar with the Application of MERALCO, entitled: **"IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE EMERGENCY REPLACEMENT OF POWER**

115kV-34.5kV rating, with On-Load Tap Changer (OLTC) with a new 83 MVA Power Transformer Bank with OLTC.

As a background, Urdaneta Substation is located at EDSA cor. Recoletos Circle cor. Recoletos St., Brgy. Urdaneta Village, Makati City, Metro Manila. The said substation serves Makati City and portions of Taguig City. There are three (3) Power Transformer Banks in said substation, namely: Power Transformer Bank Nos. 1, 2 and 3.

On 05 August 2017, Urdaneta Power Transformer Bank No. 3 was tripped out by transformer differential relay due to insulation failure of the primary phase A power cable. The electrical arc created by the said power cable failure triggered a series of events that led to the insulating oil on the overhead conservator tank to leak. This caused a large fire which could no longer be contained by the substation's fire suppression system. Thus, MERALCO personnel in the said substation immediately called the Makati City Firemen and the latter was able to extinguish the fire from the said power transformer.

Thereafter, Applicant conducted a series of tests on the said power transformer on 5 August 2017 and 6 August 2017 to determine its condition. Based from the result of the said tests, the power transformer was no longer safe to be energized and was declared for replacement due to the following significant findings: High % Insulation Power Factor (IPF) on H-G, X-G, Y-G, and H-Y windings, Low Insulation Resistance and Polarization Index on H-G, X-G, Y-G, and H-Y windings, Burned-out primary bushing turret, primary power cable, breather, Buchholz relay and other accessories, as well as broken tertiary bushings.

Applicant was constrained not to use the defective Urdaneta Power Transformer Bank No. 3 and to temporarily transfer all of its loads to the adjacent bank Urdaneta 83 MVA Power Transformer Bank No. 2. It was not technically feasible to transfer portions of load of Power Transformer Bank No. 3 to Power Transformer Bank No. 1 due to the configuration set-up.

As a result of accommodating the loads of the defective transformer, Urdaneta Power Transformer Bank No. 2 was operating above critical level at 73%. The critical loading of the former Power Transformer Bank No. 2 may result to an outage and prolonged and massive interruption in the affected areas. In particular, the supply of electricity to customers in portions of Taguig City, such as but not limited to, Enderun Colleges and Bonifacio Water Corporation and in the City of Makati, such as but not limited to, Ayala Land Inc., Citi Tower Condominium

Corp., Citi Center Condominium Corp., Phil Long Distance Tel Co., Tower One and Exchange Plaza Condominium Corp., The World Centre Condominium, Makati Shangri-la Hotel, Department of Trade and Industry and Asian Institute of Management, will be adversely affected.

Thus, there is a need to replace the defective power transformer with a new 83 MVA Power Transformer in order to avert the prolonged and widespread power interruptions that would have affected customers in the City of Makati and portions of City of Taguig. Subsequently, the new Power Transformer was energized on 10 December 2017.

Q9: Why was there a need to implement the emergency project?
A9: The implementation of the project was necessary for the following reasons:

(a) The test results of the Urdaneta Power Transformer Bank No. 3 showed that the same was defective, not safe to be energized and needed to be replaced; and

(b) The failure of said power transformer necessitated the transfer of its loads to the adjacent 115kV-34.5 kV Urdaneta Power Transformer Bank No. 2, which caused the latter to operate above critical level. As such, an outage of Urdaneta Power Transformer Bank No. 2 would definitely result to power interruptions to customers in the affected areas. Shown below are the projected loadings of the affected power transformers with and without the replacement of Urdaneta Power Transformer Bank No. 3.

Table 1: Without Project

Parameter Under Consideration	
Loading of Urdaneta 83-MVA Bank No. 2	73.0%
System Loss	1,739,198k Wh

Table 2: With Project

Parameter Under Consideration	
Loading of Urdaneta 83-MVA Bank No. 3	46.0%
Loading of Urdaneta 133-MVA Bank No. 2	34.0%
System Loss	1,522,907 kWh

a. As shown in the tables, the implementation of the project resulted to the normal loading of said power transformer banks; and

b. The emergency replacement said power transformer will ensure the reliability and quality of electric service to affected customers as well as the safety of the people in the affected areas.

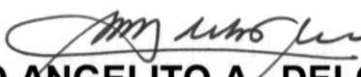
Q10: How much is the cost for the Emergency Project?

A10: The estimated cost of the emergency replacement including the cost of the 83 MVA, 115 kV – 34.5 kV, three-phase power transformer with OLTC to be installed at Urdaneta Substation is **Sixty Million Two Hundred Sixty Seven Thousand Nine Hundred Thirty Seven and Thirty Three Centavos (Php 60,267,937.33)**. This amount also includes costs of neutral reactor, power cables, sealing end terminations, transformer oil, taxes, duties, brokerage, trucking services and installation.

Q11: Can you tell us why you are executing this Judicial Affidavit?

A11: I am executing this Judicial Affidavit to attest to the truthfulness and veracity of the foregoing statements and in support of MERALCO's Application.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of _____ at Pasig City, Philippines.


MARIO ANGELITO A. DELOS REYES
Affiant

Republic of the Philippines)
City of Pasig)S.S.

ATTESTATION

I, **CARMEN GRACE S. RAMOS**, of legal age, Filipino, with business address at 7th floor, Lopez Building Ortigas Avenue, Barangay Ugong, Pasig City after being duly sworn depose and say:

1. I conducted the direct examination of **ENGR. MARIO DELOS REYES**, the witness to testify on matters in support of the Application entitled "**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE EMERGENCY REPLACEMENT OF POWER TRANSFORMER AT URDANETA SUBSTATION,**" at the afore-mentioned business address;
2. I have faithfully recorded the questions asked and the corresponding answers that were given by the witness; and
3. Neither I nor any other person then present or assisting him coached the witness regarding his answers.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of Jan. 2018 at Pasig City.


CARMEN GRACE S. RAMOS
Affiant

SUBSCRIBED AND SWORN to before me this 26 day of January 2018 by affiant **ENGR. MARIO DELOS REYES** who showed his Philippine Passport No. EC8059292, issued on June 17, 2016 at DFA Manila and **ATTY. CARMEN GRACE S. RAMOS** who exhibited her SSS ID with No. 3410973533.

Doc. No. 45;
Page No. 16;
Book No. V;
Series of 2018.


ATTY. ANGELICA DIANE B. MONTEZA
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on May 22, 2017 at Pasig City
until December 31, 2018
Roll No. 55575
IBP No. 1061091; 01/10/17; RSM Chapter
PTR No. 2684878; 01/27/17; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Brgy. Ugong, Pasig City

SECRETARY'S CERTIFICATE

I, **WILLIAM S. PAMINTUAN**, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on February 23, 2015, at which meeting a quorum was present, acted throughout and voted, the following resolution amending the resolution of the Board on January 27, 2014 on the same subject, was approved and that said amendatory resolution is in full force and effect on the date hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes, Messrs. **MANUEL V. PANGILINAN**, Chairman, **OSCAR S. REYES**, President & Chief Executive Officer, **SIMEON KEN R. FERRER**, Corporate Secretary, **ALFREDO S. PANLILIO**, Senior Vice President, Head, Customer Retail Services and Head, Corporate Communication, **RAMON B. SEGISMUNDO**, Senior Vice President & Head, Human Resources & Corporate Services, **ROBERTO R. ALMAZORA**, Senior Vice President, **RAFAEL L. ANDRADA**, First Vice President & Treasurer, **RUBEN B. BENOSA**, First Vice President & Head, Corporate Logistics, **Ms. IVANNA G. DELA PEÑA**, First Vice President & Head, Regulatory Management Office, **WILLIAM S. PAMINTUAN**, First Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance, **RONNIE L. APEROCHO**, First Vice President & Head, Networks, **MARTHYN S. CUAN**, Vice President & Head, Corporate Information and Technology, **JOSE RONALD V. VALLES**, Vice President and Head, Regulatory Affairs, **MARIA ZARAH R. VILLANUEVA-CASTRO**, Senior Assistant Vice President & Head, Corporate Legal Services, **HORATIO ENRICO M. BONA**, Assistant Vice President & Head, Litigation Team 2, **RAUL G. CORALDE**, Assistant Vice President & Head, Litigation Team 1, **MICHELLE O. DELOS SANTOS-BONA**, Assistant Vice President & Head, Legal Operations Support, **EUGENE JUDE DENIS GERARD E. ALABANZA**, Senior Manager & Head, Litigation Team 3, **CORNELIO MANUEL C. DICCION**, Manager & Legal Counsel, and any lawyer or employee of MERALCO that any of them may designate, name or appoint:

- (1) to represent the Company, in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor's office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;
- (2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping,

powers of attorney, certifications, and all other instruments as may be necessary or proper;

- (3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or stipulations of fact or documents, simplification of issues, limitation on the number of witnesses, alternative modes of dispute resolution, withdrawal, dismissal or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

"RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked."

Pursuant to the above resolutions, it is hereby certified that MERALCO is authorized to file the Application, entitled "IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE EMERGENCY REPLACEMENT OF ONE (1) 83-MVA POWER TRANSFORMER AT URDANETA SUBSTATION," with the Energy Regulatory Commission (ERC), and that Atty. Jose Ronald V. Valles, Vice President and Head, Regulatory Affairs, is an authorized representative and signatory of the Company with respect to the aforesaid Application.

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this 26th day of January 2018.


WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 26th day of January 2018, affiant exhibited to me his FIN 10 bearing the number 146473-5021, as his competent evidence of identity.

Doc. No. 44;
Page No. 11;
Book No. V;
Series of 2018.


ATTY. ANGELICA DIANE B. MONTE
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on May 22, 2017 at Pasig City
until December 31, 2018
Roll No. 55575
IBP No. 1051091; 01/10/17; RSM Chapter
PTR No. 2684878; 01/27/17; Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Brgy. Ugnay, Pasig City

Malaya Business Insight

People's Independent Media, Inc.
652 Sto. Tomas St.,
Intramuros, Manila
Tel. Nos. 527-1841 * 527-7242

AFFIDAVIT OF PUBLICATION

I, **Mitchell M. Encarnado**, Filipino of legal age, married and residing at No. 1131 Prudencio St., Sampaloc, Manila after having been duly sworn to in accordance with law, depose and say:

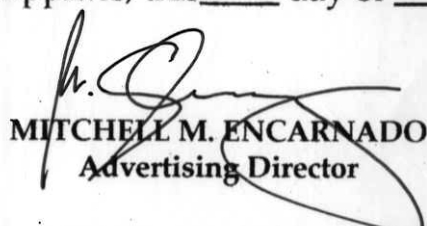
That I am the Advertising Director of Malaya Business Insight, a daily newspaper published, edited and printed in Metro Manila and circulated nationwide, from Monday to Friday with editorial and business offices at 652 Sto. Tomas St., Intramuros, Manila.

That the attached copy of Application from ERC, re:
Manila Electric Company (MERALCO)-Applicant,

was published in Malaya Business Insight in its issue/s

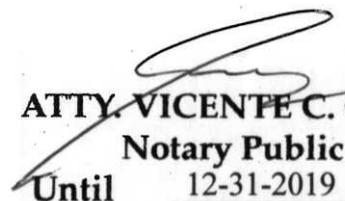
January 29, 2018

In witness whereof, I signed this affidavit in
Manila Philippines, this 29th day of Jan, 2018


MITCHELL M. ENCARNADO
Advertising Director

Subscribed and Sworn to before me this 29th day
of Jan 2018, in Mla, Philippines, affiant
exhibiting to me his Res. Cert. No. *15612981
issued at Mla on *1-23-2018

SSS No. 04-0922169-7


ATTY. VICENTE C. CRUZ
Notary Public

Until 12-31-2019

PTR No. *5520630

Issued at O.C., 1-3-2018

Roll No. 33952/NC-NP No. 003

IBP Lifetime Member No. 02322

Doc. No. 86
Page No. 18
Book No. I
Series of 2018

Malaya Business Insight

People's Independent Media, Inc.
652 Sto. Tomas St.,
Intramuros, Manila
Tel. Nos. 527-1841 * 527-7242

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January 29, 2018

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Manila Philippines, this 29th day of Jan. 2018


MITCHELL M. ENCARNADO
Advertising Director

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of Jan. 2018, in Manila, Philippines, affiant
exhibiting to me his Res. Cert. No. *15612981
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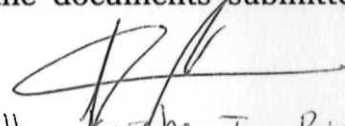
CHECKLIST OF PRE-FILING REQUIREMENTS FOR RATE CASES

PRE-FILING DATE/S	29 January 2018
APPLICANTS	Manila Electric Company (MERALCO)

The information contained in the documents required in the list below are considered public, excluding those prayed for as confidential by Applicants. Any act of fraud or false representation in any document submitted before the Commission may be a ground for outright dismissal of the Application once filed without prejudice to all other administrative, civil, or criminal actions that may be filed against Applicants, its officers, employees, and authorized representatives responsible for such fraud or misrepresentation.

Compliance with the pre-filing requirements, as set forth below, is MANDATORY. Acceptance of the Application for filing does not estop the Commission from further determining whether Applicants have complied with all the procedural and substantial requirements of the Commission, or whether the documents submitted herein are true and correct.

Signature over Printed Name
Representative of Applicants


Atty. Krishna T. Buelo
Signature over Printed Name
Legal Service

LEGAL SERVICE

REQUIREMENT	DETAILS	REMARKS
1. APPLICATION	DATE	26 January 2018
	SIGNED BY COUNSEL	Atty. Francis Duro S. Anton
	NO. OF HARD COPIES (3)	
	NO. OF SOFT COPIES (3)	
2. VERIFICATION (VERIF)	DATE	26 January 2018
	NOTARIZED (Y/N)	
	• ID PRESENTED	SSS # 33-10900088
3. CERTIFICATION AGAINST FORUM SHOPPING (CAFS)	DATE	26 January 2018
	NOTARIZED (Y/N)	
	• ID PRESENTED	SSS # 33-10900088
4. AUTHORITY OF COUNSEL TO FILE THE APPLICATION	BOARD RESO. (Y/N); or	
	SEC. CERT. (Y/N)	Sec. Cert. dated 26 Jan. 2018
5. AUTHORITY OF AFFIANT TO EXECUTE VERIF/CAFS	BOARD RESO. (Y/N); or	
	SEC. CERT. (Y/N)	Sec. Cert. dated 26 Jan 2018 authorizing Jose Rorale V. Valles



Republic of the Philippines
**ENERGY
REGULATORY
COMMISSION**

6. SERVICE TO LOCAL GOVERNMENT UNIT (LGU) LEGISLATIVE BODY OF THE MUNICIPALITY AND PROVINCE OR THE CITY WHERE APPLICANTS PRINCIPALLY OPERATE	A) CERTIFICATION FROM PRESIDING OFFICER, SECRETARY OF THE LGU OR THEIR DULY AUTHORIZED REPRESENTATIVE	
	LGU OF: Pasig City	Acknowledgment dated 29 January 2018
	LGU OF:	
	LGU OF:	
	B) IN THE ABSENCE OF CERTIFICATION	
	LGU OF: Sr. Quinlan Pontunod re Pasig	
	AFFIDAVIT OF SERVICE	Letter only w/ stamp "received"
	APPLICATION WITH STAMP "RECEIVED"/ ACKNOWLEDGEMENT	dated 29 January 2018
	LGU OF:	Application w/ stamp "received"
		dated 29 Jan 2018
	AFFIDAVIT OF SERVICE	
	APPLICATION WITH STAMP "RECEIVED"/ ACKNOWLEDGEMENT	
	LGU OF:	
	AFFIDAVIT OF SERVICE	
	APPLICATION WITH STAMP "RECEIVED"/ ACKNOWLEDGEMENT	
LGU OF:		
C) IF NOT RECEIVED, REASON AND/OR PROOF OF REFUSAL		
LGU OF:	REASON/PROOF:	
LGU OF:	REASON/PROOF:	
LGU OF:	REASON/PROOF:	
7. PUBLICATION IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN APPLICANT'S FRANCHISE AREA	AFFIDAVIT OF PUBLICATION	Affidant of Mitchell Encarnada dated 29 January 2018
	• NEWSPAPER	Malaya Business Insight
	• DATE OF PUBLICATION	29 January 2018
	NEWSPAPER ISSUE CONTAINING THE PUBLICATION	page B6
	• APPLICATION	/
	• VERIFICATION	/
	• CERTIFICATION AGAINST FORUM SHOPPING	/
	RANDOM REVIEW	RATE: par. 3, 11 & 13 of the application OTHERS: PAR. consistent w/ what was published in Malaya Business Insight dated 29 Jan 2018
OTHER REMARKS:		



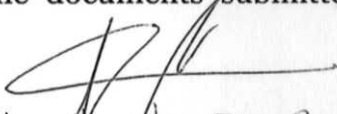
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PRE-FILING DATE/S	29 January 2018
APPLICANTS	Manila Electric Company (MEPALCO)

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Compliance with the pre-filing requirements, as set forth below, is MANDATORY. Acceptance of the Application for filing does not estop the Commission from further determining whether Applicants have complied with all the procedural and substantial requirements of the Commission, or whether the documents submitted herein are true and correct.

Signature over Printed Name
Representative of Applicants


Atty. Crischa T. Buelo
Signature over Printed Name
Legal Service

LEGAL SERVICE

REQUIREMENT	DETAILS	REMARKS
1. APPLICATION	DATE	26 January 2018
	SIGNED BY COUNSEL	Atty. Francis Dirio S. Anton
	NO. OF HARD COPIES (3)	
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2. VERIFICATION (VERIF)	DATE	26 January 2018
	NOTARIZED (Y/N)	
	• ID PRESENTED	SSS # 33-10900088
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	SEC. CERT. (Y/N)	Sec. Cert. dated 26 Jan 2018 authorizing Jose Ronda V. Valles



Republic of the Philippines
**ENERGY
REGULATORY
COMMISSION**

6. SERVICE TO LOCAL GOVERNMENT UNIT (LGU) LEGISLATIVE BODY OF THE MUNICIPALITY AND PROVINCE OR THE CITY WHERE APPLICANTS PRINCIPALLY OPERATE	A) CERTIFICATION FROM PRESIDING OFFICER, SECRETARY OF THE LGU OR THEIR DULY AUTHORIZED REPRESENTATIVE	
	LGU OF: Pasig City	Acknowledgment dated 29 January 2018
	LGU OF:	
	LGU OF:	
	B) IN THE ABSENCE OF CERTIFICATION	
	LGU OF: Sr. Quinsang Pantunso ng Pasig	
	AFFIDAVIT OF SERVICE	Letter only w/ stamp "received"
	APPLICATION WITH STAMP "RECEIVED"/ ACKNOWLEDGEMENT	dated 21 January 2018
	LGU OF:	Application w/ stamp "received"
		dated 29 Jan 2018
	AFFIDAVIT OF SERVICE	
	APPLICATION WITH STAMP "RECEIVED"/ ACKNOWLEDGEMENT	
	LGU OF:	
	AFFIDAVIT OF SERVICE	
	APPLICATION WITH STAMP "RECEIVED"/ ACKNOWLEDGEMENT	
LGU OF:		
C) IF NOT RECEIVED, REASON AND/OR PROOF OF REFUSAL		
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	• NEWSPAPER	Malaya Business Insight
	• DATE OF PUBLICATION	29 January 2018
	NEWSPAPER ISSUE CONTAINING THE PUBLICATION	page B6
	• APPLICATION	/
	• VERIFICATION	/
	• CERTIFICATION AGAINST FORUM SHOPPING	/
	RANDOM REVIEW	RATE: P. 3, 11 & 13 of the application OTHERS: PAR. consistent w/ what was published in Malaya Business Insight dated 29 Jan 2018
OTHER REMARKS:		



Republic of the Philippines
SANGGUNIANG PANLUNGSOD
City Government of Pasig

ACKNOWLEDGEMENT

This is to acknowledge the receipt of a copy of Manila Electric Company's (MERALCO) verified Application entitled **"IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE EMERGENCY REPLACEMENT OF ONE (1) 83-MVA POWER TRANSFORMER AT URDANETA SUBSTATION,"** with *attached Annexes*, served by MERALCO, prior to its filing with the Energy Regulatory Commission (ERC).

This acknowledgement is being used upon the request of MERALCO for whatever legal intents and purpose it may serve.

Issued this **29th** day of **January 2018** at Pasig City.


REYNALDO R. SAN BUENAVENTURA III
Acting City Council Secretary





RECEIVED
SECRETARIAT
PASIG CITY COUNCIL

January 29, 2018

BY: PJ MARIN
DATE: 1/29/18 TIME: 3: 35

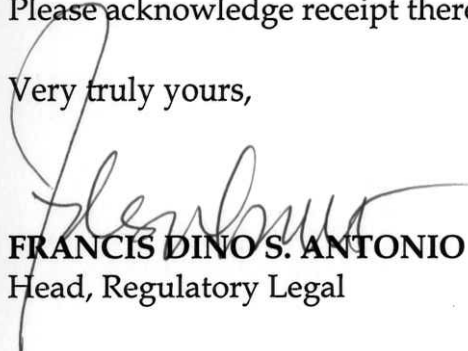
Office of the Sangguniang Panlungsod
City of Pasig

Gentlemen:

Attached is a copy of a verified Application entitled: **"In the Matter of the Application for Approval of the Emergency Replacement of One (1) 83-MVA power Transformer at Urdaneta Substation,"** with attached Annexes, being served to your Office, prior to its filing with the Energy Regulatory Commission (ERC).

Please acknowledge receipt thereof in the suggested form attached.

Very truly yours,


FRANCIS DINO S. ANTONIO
Head, Regulatory Legal

Republic of the Philippines
Office of the Sangguniang Panlungsod
City of Pasig

ACKNOWLEDGMENT

This is to acknowledge the receipt of a copy of Manila Electric Company (MERALCO) verified Application entitled **"In the Matter of the Application for Approval of the Emergency Replacement of One (1) 83-MVA power Transformer at Urdaneta Substation,"** with *attached Annexes*, served by MERALCO, prior to its filing with the Energy Regulatory Commission (ERC).

This acknowledgment is being issued upon the request of MERALCO for whatever legal intents and purposes it may served.

Issued this _____ day of _____ 2017 at Pasig City.

(SGD) _____
City Council Secretary

NOTE: Affix Seal

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
EMERGENCY REPLACEMENT
OF ONE (1) 83-MVA POWER
TRANSFORMER AT
URDANETA SUBSTATION,

RECEIVED
SECRETARIAT
PASIG CITY COUNCIL

BY: PJ MARIN
DATE: 1/29/18 TIME: 3:25

ERC Case No. 2018- ____ RC

**MANILA ELECTRIC COMPANY
(MERALCO),**

Applicant.

X-----X

APPLICATION

Applicant **MANILA ELECTRIC COMPANY (MERALCO)**,
through the undersigned counsel, most respectfully avers that:

1. Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.

3. Applicant seeks the Honorable Commission's approval of its emergency installation of one (1) 83 MVA, 115 kV–34.5 kV, three (3)-phase power transformer with On-Load Tap Changer (OLTC) for the replacement of Applicant's Urdaneta Substation's defective Power Transformer Bank No. 3.

4. The Application is filed pursuant to the Honorable Commission's Resolution No. 26, Series of 2009, entitled: "*Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects*". Emergency Capital Expenditure projects are

FROM PAGE B1.

Not many bust operations hence suspects are arrested in successful buy bust operations,” he added.

PDEA NOT JOINING

PDEA chief Aaron Aquino said they will not join the PNP in its Oplan Tokhang since the agency lacks manpower.

“Because of limitations, we focus more on high value targets and on high impact operations. We will leave the conduct of Oplan Tokhang to the PNP especially on the barangay level since they are embedded in the barangays because they have police stations in every city and municipality,” Aquino told dzBB.

Being the lead agency in the war on drugs, Aquino said PDEA agents must always join police-men during high impact drug operations.

“Because we lack operatives, we just need the PNP to coordinate with us before they operate on the barangay or street level,” he said.

DILG MONITOR

The Department of the Interior and Local Government said it will closely monitor the strict adherence of the PNP to the rule of law and the new operational guidelines during anti-drug operations.

Año said the DILG, through the National Police Commission, will keep a close eye on the PNP’s implementation of the new guidelines to ensure that allegations of

Former PCSO board told: Refund P13.75M unauthorized perks

BY PETER J. G. TABINGO

FORMER members of the board of directors of the Philippine Charity Sweepstakes Office (PCSO) have been ordered by the Commission on Audit to refund unauthorized allowances, bonuses, and cash incentives totaling P13,751,229.25 paid to them over a 15-month period from September 2010 to December 2011.

Held liable were former PCSO chair and chief executive officer Margarita Juico and general manager and chief operating officer Jose Ferdinand Rojas II, together with other board directors whose names were not mentioned in the COA decision.

COA Chairman Michael G. Aguineldo and Commissioners Jose A. Fabia and Isabel D. Agrio dismissed the petition for review filed by the PCSO officials for lack of merit despite their claim that the disallowed benefits and allowances were previously approved dating back to the administrations of former Presidents Fidel Ramos and Joseph Estrada.

It noted that former President Benigno S. Aquino III stopped payment of such compensation just two months into his administration on September 8, 2010.

Through the same decision, the COA clarified that members of the PCSO Board are not entitled to receive allowances and benefits. The only authorized form of compensation for them is “reasonable

per diems.”

On the respondent’s argument that the disallowed compensation was sourced from the savings of the PCSO, the COA said such funds were “not meant to be distributed to PCSO’s officials and employees.”

“To stress, petitioners are not salaried employees of PCSO but members of the BOD who are not entitled to receive fringe benefits, unless expressly provided by law,” the COA said.

It pointed out that this same issue was already clarified by the Department of Budget and Management Circular Letter No. 2002-02 stating that members of the Board of Directors of agencies are not salaried officials of the government.

Based on the breakdown provided in the COA ruling, among the sums to be refunded are:

Bonuses (anniversary, cash gift, grocery, Christmas) 13th month pay, educational assistance, productivity enhancement incentive pay, revenue performance incentive and clothing allowance – P4.38 million;

Allowances (gasoline, transportation, cost of living, and amelioration) – P4.311 million;

Salaries for PCSO-BOD – P1.95 million;

Lotto draw allowances – P1.899 million;

Weekly Sweepstakes/lottery allowance – P621,000; and Medical, rice, staple, hazard allowance – P590,625.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
THE EMERGENCY REPLACEMENT
OF ONE (1) 83-MVA POWER
TRANSFORMER AT URDANETA
SUBSTATION.

MANILA ELECTRIC COMPANY
(MERALCO),

Applicant.

x-----x

ERC Case No. 2018-____RC

12. In the event of another outage of adjacent power transformer, coupled with the non-replacement of the Urdaneta Bank No. 3, there will be approximately 15.26 MVA unserved demand in the areas. Thus, it was crucial that the new power transformer was immediately installed in Urdaneta Substation.

13. The estimated cost of the emergency replacement including the cost of the 83 MVA, 115 kV – 34.5 kV, three-phase power transformer with OLTC to be installed at Urdaneta Substation is Sixty Million Two Hundred Sixty Seven Thousand Nine Hundred Thirty Seven and Thirty Three Centavos (Php60,267,937.33). This amount also includes costs of neutral reactor, power cables, sealing end terminations, transformer oil, taxes, duties, brokerage, trucking services and installation.

14. In further support of the Application, attached hereto are the following documents:

• Annex “A” – Emergency CAPEX Project Information Summary

Former PCSO board told: Refu
P13.75M unauthorized perks

12. In the event of another outage of adjacent power coupled with the non-replacement of the Urdaneta BA will be approximately 15.26 MW unserved demand
13. The estimated cost of the emergency replacement in Urdaneta Substation.
 - Two Hundred Sixty Seven Thousand Nine Hundred and Thirty Cents (P60,267) amount also includes costs of neutral reactor power and terminations, transformer oil, taxes, duties, broken services and installation.
 14. In further support of the application, attached in following documents:
 - Annex "A" – Emergency CAPPEX Project Informy with supporting documents; (i) Technical Analysis; (ii) Cost Estimates; (c) Expedient Cost Benefit Analysis Calculation; and (iv) Gantt Chart. Documents showing the results of a on Power Transformer Bank No. 3; and
 - Annex "B" – Documents showing the results of a

• Annex "C" - Judicial Affidavit of Engr. Mario Manager and Head of Applicant's Substation & Management Office.

MCLE Compliance No. V-0004608; 6 November 2018
 IBP No. 1061089; RSM
 PTR No. 5264487; 01/27/17; PaSig City
 Rol of Attorneys No. 48145
FRANCIS DINO S. MONTANO

 PaSig City, 26 January 2018.

HAZEL ROSE B. SEE
Roll of Attorneys No. 48265
PTR No. 26844876, 01/27/17, Paid City
IBP LRN No. 06460, 1/16/07, QC
MCLE Compliance No. VU-00002053, 11 July 2017

ADRIAN R. C. DIMALANTA
Roll of Attorneys No. 61149
PTR No. 2684874, 01/27/17, Pasig City
IBP No. 1061094; 01/10/17, PPLM
MCLE Compliance No. V1-00002233; 11 July 2016

7th Floor Lopez Building, Ortigas Avenue
Barangay Ugong, Pasig City
Telephone Number 1622-2260; Fax No. 1622-3551
Email address: regulatory.legal.staff@meritaco.com.

VERIFICATION
AND CERTIFICATION ON NON-FORM SHOPPING

1. JOSE RONALD V ALLES, Filipino, of legal age, married,
after being sworn in accordance with law, hereby deposes that
I am the Vice President and Head, Regulatory Affairs
Department of Applicant Mentlic (Mental) Company (MENTALCO) in its
entirety. I have been authorized by the Board of
Directors of Applicant to certify that Applicant has not intended

Republic of the Philippines
ENERGY REGULATORY COMMISSION

San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
THE EMERGENCY REPLACEMENT
OF ONE (1) 83-MVA POWER
TRANSFORMER AT URDANETA
SUBSTATION,

MANILA ELECTRIC COMPANY
(MERALCO).

Applicant: _____
X_____

APPLICATION

undersigned counsel, most respectfully avers that:

Applicant Manila Electric Company (MERALCO), through the

1. Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines.

under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Cirjaga Avenue, Barangay Jijang, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electricity to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain class municipalities of

3. Applicant seeks the Honorable Commission's approval of its emergency installation of one (1) 83 MVA, 115 KV-34.5 KV, three phase power transformer with on-load Tap changer (OLTC) for the replacement of the applicant's Udaeta Substation's defective Power Transformer Bank No. 3.

The application is filed pursuant to the Honorable Commission's Resolution No. 26, series of 2009, entitled, "Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects", Emergency Capital Expenditure projects are those that

5. However, for purposes of reducing the capital cost of the said emergency project through applicants' rates, the same will go through the process of evaluation by the Honourable Commission during the regulatory period, unless there is a rate-reducing in the current regulatory period, in accordance with the Rules for the Setting of Distribution Wheeling Rates (RDWR) for distribution regulation in power sector with regard to the said rate of return.

BACKGROUND

6. The Urdaneta Substation is located at EISA cor. Recoletos Circle cor. Recoletos St., Brgy. Urdaneta Village, Makiit City, Metro Manila. The said substation serves Makiit City and portions of Taguig City. The Urdaneta Substation has three (3) 115kV-34.5kV power transformer banks.

7. On 05 August 2017, Urdaneta Power Transformer Bank No. 3 was

of the primary phase A power cable. The electrical arcs created by the power cable failure triggered a series of events that led to the insulating oil on the overhead converter tank to leak. This caused a large fire which could no longer be contained by the substation's fire suppression system. Thus, "INTELEACO personnel in the said substation immediately called the local City Firemen and the latter was able to extinguish the fire from the affected power transformer. On 5 August 2017 and 6 August 2017, the Urdaneta Power

[illegible]

• FROM PAGE B1 •

PDEA chief Aaron Ayoub said Opiam Tokhang will not join the PNP in its lack of manpower. "Because of limitations, we focus more on high value targets and on high impact operations. We will leave the conduct of Opiam Tokhang to the PNP especially on the barangay level since they are embedded in the barangays because they have police stations in every city and municipality," Ayoub told *deBb*.

Being the lead agency in the war on drugs, Ayoub said PDEA agents must always join police-men during high impact drug operations.

"Because we lack operatives, we cannot do anything if they are not doing something."

It went on, "We cannot do anything unless they surrender. If they do not surrender, it will be to our most harm. The way to do so is to force them to do so."

He added that those who do not surrender with the police with the owner's consent must enter a house or premises anybody's house. He added cops must close the windows and not on those on the balconies and houses and preaching on houses.

Ayoub said the reloading of magazines will be strictly limited to gun battles.

At Abigayle said the reloading can become hostile and engage in gun battle.

Opiam Tokhang cannot continue to change their drug users and pushes their substance to it, with police saying they are extrajudicial killings were -it-

Opiam Tokhang cannot honorably

With an effort to run operations on the "white" or street level," he said.

DILE MONITOR

The Department of the Interior and Local Government said it will closely monitor the strict adherence of the PNP to the rule of law and the new operational guidelines during anti-drug operations.

And so said the DILG, through the National Police Commission, the implementation of the new guidelines to ensure that allegations of human rights violations against police officers involved in anti-illegal drugs operations will be a thing of the past.

The chief justice said she envisioned a generation of judges who will be leaders in their communities and reminded them it is not all about them but the "individuals seeking justice," he said.

"Young as she remains an impeccable case, we could not fit it [into] official, assuming that there exists

[illegible]

Gadon cited Sereeno's order in 2012 to reopen a regional constituent administrative office in Cebu without the collegial approval of the High Court, which was later on revoked by the SC.

you should not be emotional, but you have to show your heart — that your heart is in the right place. It's for the little man, it is for the oppressed man, it's for those hard-earning people burdened by so much delay and dishonour," she added. Sceno said magistrates should

She said there is nothing wrong with magistrates going out in public but it should be for sharing the influence.

to access to a swift and easier access to the Internet. But, as the author explains, the Internet is not a neutral access to information. The Internet is a tool that can be used to spread hate and violence, to spread lies and to spread fear. The Internet is a tool that can be used to spread hate and violence, to spread lies and to spread fear. The Internet is a tool that can be used to spread hate and violence, to spread lies and to spread fear.

• FROM PAGE B1 •

OPLAN

lines. The same will be applied to provincial police chiefs and the regional police chiefs.

Oplan Tokhang earned notoriety after extrajudicial killings were attributed to it, with police saying that drug users and pushers they tried to convince to change their ways become hostile and engage them in gun battles.

Albayalde said the reloaded Tokhang will be strictly limited to knocking and pleading on houses of those in the watchlist and not on anybody's house. He added cops cannot enter a house or premises with the owner's consent.

He added that those who do not wish to surrender with the police will not be forced to do so.

"The most we can do is to convince them to surrender. If they do not want to, we cannot do anything since they are not doing something illegal that time. If you are in the watchlist, it does not mean that you have a warrant of arrest," Albayalde said, adding those who will surrender will not be jailed.

"Drug dependents cannot be jailed. The most we can do is to evaluate if he or she needs to be rehabilitated, or needs counseling," he added.

Albayalde clarified that Oplan Tokhang is not an anti-illegal drugs operation.

"There are different sets of policemen who conduct Oplan Tokhang, while anti-illegal drugs operations are done exclusively by

bust operations hence suspects are arrested in successful buy bust operations," he added.

PDEA NOT JOINING

PDEA chief Aaron Aquino said they will not join the PNP in its Oplan Tokhang since the agency lacks manpower.

"Because of limitations, we focus more on high value targets and on high impact operations. We will leave the conduct of Oplan Tokhang to the PNP especially on the barangay level since they are embedded in the barangays because they have police stations in every city and municipality," Aquino told dB.

Being the lead agency in the war on drugs, Aquino said PDEA agents must always join policemen during high impact drug operations.

"Because we lack operatives, we just need the PNP to coordinate with us before they operate on the barangay or street level," he said.

DILG MONITOR

The Department of the Interior and Local Government said it will closely monitor the strict adherence of the PNP to the rule of law and the new operational guidelines during anti-drug operations.

Año said the DILG, through the National Police Commission, will keep a close eye on the PNP's implementation of the new guidelines to ensure that allegations of

Former PCSO board told: Refund P13.75M unauthorized perks

BY PETER J. G. TABINGO

FORMER members of the board of directors of the Philippine Charity Sweepstakes Office (PCSO) have been ordered by the Commission on Audit to refund unauthorized allowances, bonuses, and cash incentives totaling P13,751,229.25 paid to them over a 15-month period from September 2010 to December 2011.

Held liable were former PCSO chair and chief executive officer Margarita Juico and general manager and chief operating officer Jose Ferdinand Rojas II, together with other board directors whose names were not mentioned in the COA decision.

COA Chairman Michael G.

Aguinaldo and Commissioners Jose A. Fabia and Isabel D. Agito dismissed the petition for review filed by the PCSO officials for lack of merit despite their claim that the disallowed benefits and allowances were previously approved dating back to the administrations of former Presidents Fidel Ramos and Joseph Estrada.

It noted that former President Benigno S. Aquino III stopped payment of such compensation just two months into his administration on September 8, 2010.

Through the same decision, the COA clarified that members of the PCSO Board are not entitled to receive allowances and benefits. The only authorized form of compensation for them is "reasonable

per diems."

On the respondent's argument that the disallowed compensation was sourced from the savings of the PCSO, the COA said such funds were "not meant to be distributed to PCSO's officials and employees."

"To stress, petitioners are not salaried employees of PCSO but members of the BOD who are not entitled to receive fringe benefits, unless expressly provided by law," the COA said.

It pointed out that this same issue was already clarified by the Department of Budget and Management Circular Letter No. 2002-02 stating that members of the Board of Directors of agencies are not salaried officials of the government.

Based on the breakdown provided in the COA ruling, among the sums to be refunded are:

- Bonuses (anniversary, cash gift, grocery, Christmas) 13th month pay, educational assistance, productivity enhancement incentive pay, revenue performance incentive and clothing allowance - P4.38 million;
- Allowances (gasoline, transportation, cost of living, and amelioration) - P4,311 million;
- Salaries for PCSO-BOD - P1.95 million;
- Lotto draw allowances - P1,899 million;
- Weekly Sweepstakes/lottery allowance - P621,000; and
- Medical, rice, staple, hazard allowance - P590,625.

ENERGY REGULATORY COMMISSION

San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE EMERGENCY REPLACEMENT OF ONE (1) 83-MVA POWER TRANSFORMER AT URDANETA SUBSTATION,

MANILA ELECTRIC COMPANY (MERALCO),

Applicant,

ERC Case No. 2018- ____ RC

- In the event of another outage of adjacent power transformer, coupled with the non-replacement of the Urdaneta Bank No. 3, there will be approximately 15.26 MVA unserved demand in the areas. Thus, it was crucial that the new power transformer was immediately installed in Urdaneta Substation.
- The estimated cost of the emergency replacement including the cost of the 83 MVA, 115 kV - 34.5 kV, three-phase power transformer with OLTC to be installed at Urdaneta Substation is Sixty Million Two Hundred Sixty Seven Thousand Nine Hundred Thirty Seven and Thirty Three Centavos (P60,267,937.33). This amount also includes costs of neutral reactor, power cables, sealing end terminations, transformer oil, taxes, duties, brokerage, trucking services and installation.
- In further support of the Application, attached hereto are the following documents:

• Annex "A" - Emergency CAPEX Project Information Summary

• FROM PAGE B1 •

OPLAN

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Oplan Tokhang earned notoriety after extrajudicial killings were attributed to it, with police saying that drug users and pushers they tried to convince to change their ways become hostile and engage them in gun battles.

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BY PETER J. G. TABINGO

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It pointed out that this same issue was already clarified by the Department of Budget and Management Circular Letter No. 2002-02 stating that members of the Board of Directors of agencies are not salaried officials of the government.

ENERGY REGULATORY COMMISSION

Republic of the Philippines
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
THE EMERGENCY REPLACEMENT
OF ONE (1) 83-MVA POWER
TRANSFORMER AT URDANETA
SUBSTATION.

MANILA ELECTRIC COMPANY
(MERALCO),

Applicant.

ERC Case No. 2018- RC

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13. The estimated cost of the emergency replacement of the 83 MVA, 115 KV - 34.5 KV, three-phase OLTC to be installed at Urdaneta Substation Two Hundred Sixty Seven Thousand Seven and Thirty Three Centavos (P207,370.00) amount also includes costs of neutral react end terminations, transformer oil, taxes, duties and installation.

14. In further support of the Application, all following documents:

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TRANSFORMER AT URDANETA
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MANILA ELECTRIC COMPANY
(MERALCO),

Applicant.

ERC Case No. 2018- ____ RC

APPLICATION

Applicant MANILA ELECTRIC COMPANY (MERALCO), through the undersigned counsel, most respectfully avers that:

- Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.
- Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.
- Applicant seeks the Honorable Commission's approval of its emergency installation of one (1) 83 MVA, 115 kV-34.5 kV, three (3)-phase power transformer with On-Load Tap Changer (OLTC)

12. In the event of another outage of adjacent power transformer, coupled with the non-replacement of the Urdaneta Bank No. 3, there will be approximately 15.26 MVA unserved demand in the areas. Thus, it was crucial that the new power transformer was immediately installed in Urdaneta Substation.

13. The estimated cost of the emergency replacement including the cost of the 83 MVA, 115 kV – 34.5 kV, three-phase power transformer with OLTC to be installed at Urdaneta Substation is **Sixty Million Two Hundred Sixty Seven Thousand Nine Hundred Thirty Seven and Thirty Three Centavos (Php60,267,937.33)**. This amount also includes costs of neutral reactor, power cables, sealing end terminations, transformer oil, taxes, duties, brokerage, trucking services and installation.

14. In further support of the Application, attached hereto are the following documents:

- Annex "A"** – Emergency CAPEX Project Information Summary with supporting documents: (i) Technical and Economic Analysis, (ii) Cost Estimates; (c) Expenditure Summary; (iii) Cost Benefit Analysis Calculation; and (iv) Gantt Chart;
- Annex "B"** – Documents showing the results of tests conducted on Power Transformer Bank No. 3; and
- Annex "C"** – Judicial Affidavit of Engr. Mario delos Reyes, Manager and Head of Applicant's Substation Services Asset Management Office.

PRAYER

WHEREFORE, it is respectfully prayed to this Honorable Commission that the Applicant's emergency replacement of power transformer at the Urdaneta Substation be **APPROVED**.

Other relief just and equitable under the premises are likewise prayed for.

Pasig City, 26 January 2018.

[Signature]